

# COLLEGE SAVINGS MISSISSIPPI REPORT

A Publication of The State Treasury Department of Mississippi  
Marshall Bennett, State Treasurer

September 2001

## MPACT

Mississippi Prepaid Affordable College Tuition Program

### MPACT PROGRAM 2001 ENROLLMENT PERIOD Enroll By November 30, 2001

The Mississippi Prepaid Affordable College Tuition Program will be open for enrollment and accepting new applications during the months of September, October and November, 2001. The deadline for 2001 MPACT applications to be postmarked is November 30, 2001. MPACT 2001 application materials and price charts are available on the Internet at our new web site: [www.collegesavingsmississippi.com](http://www.collegesavingsmississippi.com) or you can call us at 1-800-987-4450 to request an Enrollment Booklet.

#### "Did you know..."

children under age one can be enrolled in an MPACT plan at any time during the year?"

### NEW LAW: NO FEDERAL INCOME TAX FOR MISSISSIPPI COLLEGE SAVINGS PROGRAMS! Starting Next Year, Withdrawals for College Expenses Free from Federal Income Tax

With passage of the new federal tax bill in June 2001, Mississippi residents interested in saving for college are being given another reason to invest in MPACT and MACS. The new law increased the tax benefits for Qualified Tuition Plans, also known as Section 529 Plans.

Starting January 1, 2002, any withdrawals used for qualified college expenses will now be free of federal income taxes. In addition, the new law also:

- Raises the amount of college room and board expenses that can be covered by the MACS plan;
- Simplifies procedures for rollovers between different state college savings plans;
- Allows beneficiary changes between first cousins. (Immediate family members were already eligible);
- Allows funds to be invested in both a Section 529 Plan and an Education IRA for the same student.

Investment earnings included in MPACT tuition payments made during the fall of 2001 will still be subject to federal income tax under the old rules. MPACT tuition payments and MACS Qualified Withdrawals made after January 1 will be completely tax free.

The new tax law is complex and makes numerous changes to federal income tax rules other than those regarding college savings plans, including phased-in reductions to tax rates. You should consult a qualified tax advisor about how the laws apply to your particular situation.

There's never been a better time to start saving for college than NOW and no better ways to do so than Mississippi's MPACT and MACS Programs.

### MISSISSIPPI AFFORDABLE COLLEGE SAVINGS (MACS) PROGRAM LAUNCHED

The Mississippi Affordable College Savings Program (MACS), a new tax-advantaged college savings plan for families to use to pay expenses at eligible colleges anywhere, was launched in March, 2001. MACS joins the Mississippi Prepaid Affordable College Tuition Program (MPACT), which has been available to residents since 1997 for tuition expenses only.

"According to recent statistics, the average cost of a four-year college education for a newborn will range from \$100,000 at public universities to nearly \$235,000 at private universities by the year 2018," said State Treasurer Marshall Bennett. "That's why it's important for parents to start a savings plan for their children's higher education now."

MACS is a flexible, simple-to-invest-in program that allows families of all income levels to open an account with a minimum investment of \$25 (\$15 through payroll deduction) and a maximum account balance limit of \$235,000. The money can be



State leaders hold news conference announcing the Mississippi Affordable College Savings (MACS) Program. From left: College Savings Board Member Paul Newton, Governor Ronnie Musgrove, State Auditor Phil Bryant, State Treasurer Marshall Bennett, Secretary of State Eric Clark, and College Savings Chairman of the Board Ron Allen.

used for future costs at nearly all colleges, universities, trade/vocational schools, or post secondary institutions in the country, as well as certain foreign schools. Expenses covered can include tuition, fees, supplies, books, and certain room and board costs.

MACS also offers several key tax advantages, which include:

- State tax-exempt growth and an annual state income tax deduction for contributions up to \$10,000 per individual (\$20,000 for joint filers) per year.
- Federal tax-deferred growth with eventual taxes paid at the beneficiary's (future student's) rate, if used for qualified expenses. Distributions for qualified expenses will be completely tax-free after January 1, 2002.
- Significant gift and estate tax benefits. For instance, account owners may gift up to \$50,000 in a single year (\$100,000 for married couples filing jointly) per beneficiary without incurring federal tax consequences by spreading the gift-tax exclusion over five years, taking no more than a \$10,000 exclusion in a single year. In addition, even though the Account Owner maintains control over the Account, amounts in the Account generally are not included in the Account Owner's Gross Estate for federal estate tax purposes.

The College Savings Plans of Mississippi Board of Directors has selected as Program Manager, TIAA-CREF Tuition Financing, Inc., a wholly owned subsidiary of TIAA, part of the nation's largest and leading financial services group and the foremost pension and investment system for college faculties. They also manage Section 529 college savings plans for New York, California, Tennessee, Missouri and many other states.

Because there are no set payment amounts, MACS enrollment is open year round. Call today for information on how your family can benefit.

## MACS

Mississippi Affordable College Savings Program



NOTICE ABOUT PRIVACY

Safeguarding your personal information is something the MPACT Program takes very seriously. We respect your right to privacy and recognize our obligation to keep information about you secure and confidential.

The MPACT Program collects nonpublic personal information about contract purchasers and beneficiaries from information we receive from applications and other forms and information about your transactions with us. The term "nonpublic personal information" means personal information about you which identifies you, and that is not available from public sources.

We do not disclose any nonpublic personal information from any source to anyone outside of the Office of the Treasurer of the State of Mississippi, Colleges and Universities, and our Records Administration Contractor unless:

- ...proper authorization or direction from you to do so has been received,
- ...it is required by law (such as the Mississippi Public Records Act of 1983), or
- ...it is necessary to do so in order to enable service providers to perform work on behalf of the Program.

Personal information provided to the Program is not sold or bartered. We restrict access to your personal and account information to those employees who need to know that information to provide products or services to you. MPACT maintains physical, electronic and procedural safeguards to guard your nonpublic personal information.

When visiting the MPACT Program web site, you can go to pages that are open to the general public. If you provide personal information in order to receive materials about the MPACT Program, such information will be used for that purpose only.

FOR MORE INFORMATION

To learn more about the MPACT and MACS college savings plans, please call our office at (601) 359-5255 or toll-free at 1-800-987-4450. Someone will be available to assist you from 8:00 a.m until 5:00 p.m. TIAA-CREF also maintains a separate toll-free number for information on the MACS Program: 1-800-486-3670.

**Visit us at:**  
College Savings Plans of Mississippi  
Mississippi Treasury Department  
Woolfolk State Office Building  
501 N. West Street, Suite 1101A  
Jackson, MS 39201

**Or write us at:**  
College Savings Plans of Mississippi  
P.O. Box 120  
Jackson, MS 39205-0120

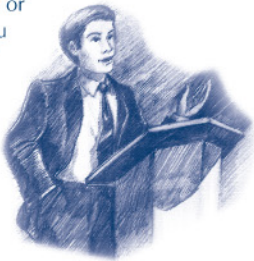
**Internet web site:**  
[www.collegesavingsmississippi.com](http://www.collegesavingsmississippi.com)

***"Did you know...  
MPACT funds can be  
used at any accredited  
college in the USA?"***

WE WOULD LOVE TO SPEAK  
TO YOUR ORGANIZATION

Are you a member of a club, PTA, church group or other organization looking for speakers? Are you sponsoring a fair, convention, association meeting or trade show featuring exhibitors?

Representatives from our office are available to make presentations. We can also provide an exhibit booth featuring information on the MPACT and MACS college savings plans. Please contact us for details or to schedule an event.



Your College Savings Plans of  
Mississippi Staff:

MPACT and MACS are administered by The College Savings Plans Division of the Mississippi Treasury Department, under State Treasurer Marshall Bennett.

- Director: Barry Simmons
- Marketing: John Younger  
Kay McRee
- Customer Service: Shelby Johnson  
Corey Armstrong
- Accounting: Barbara Lawson  
Jim Logan

*Please feel free to call on our staff if we can assist you in any way.*

TUITION INCREASES ANNOUNCED FOR  
2001-2002 SCHOOL YEAR

Last April the Mississippi Board of Trustees of Institutions of Higher Learning announced 15% tuition increases for the fall 2001 semester at all eight Mississippi public universities. Tuition and mandatory fees at Ole Miss will be \$3,626 for the 2001-2002 school year. Mississippi State will charge \$3,586 and USM will charge \$3,416. Mississippi's fifteen public community colleges will also be increasing tuition between 18-20% this fall. There is a high likelihood of further large increases next year.

Families who purchased MPACT Contracts in prior years do not have to worry about such rate increases, since their tuition price is already locked in. The purchase of an MPACT Contract in 2001 can help you avoid the worry of a tuition increase in 2002.

Tuition  
up  
15%!



RETURN SERVICE REQUESTED

Post Office Box 120  
Jackson, MS 39205



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